

Message Text

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ORIGIN EUR-12

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NEA/IRN:BYRON MORTON

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R 250101Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

INFO USMISSION EC BRUSSELS

AMEMBASSY TEHRAN

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USDEL MTN GENEVA

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SUBJECT:EC-IRAN PREFERENTIAL AGREEMENT

REF: A) STATE 242737 B) EC BRUSSELS 9077

1. WITH THE PRODUCER/CONSUMER PREPCOM SUCCESSFULLY COMPLETED, IT IS NOW TIMELY TO RESTATE OUR OPPOSITION TO AN EC-IRAN PREFERENTIAL ARRANGEMENT THROUGH DEMARCHES IN EC CAPITALS AS SUGGESTED REF B. REPORTS OF RECENT INFORMAL CONTACTS ON SUBJECT, PARTICULARLY FROM BONN, SHOW HOPEFUL SIGNS OF A FAVORABLE EVOLUTION IN THE THINKING OF SOME MEMBER STATES. A FORMAL FOLLOW-UP WOULD BE USEFUL TO SOLIDIFY ANY POSITIVE EVOLUTION AND GIVE SUPPORT TO SOAMES AND THE EC COMMISSION IN RESISTING PRESSURE FROM IRAN AND THOSE MEMBER STATES WHO ARE SUPPORTING THE IRANIAN BID.

2. DESPITE SOME HOPEFUL SIGNS TO THE CONTRARY, E.G. CHANCELLOR HEALEY'S CONVERSATION WITH THE SHAH (TEHRAN 9926), IT APPEARS THAT IRAN MAINTAINS ITS KEEN INTEREST IN OBTAINING PREFERENTIAL ARRANGEMENT WITH EC. DURING LAST US-IRAN JOINT COMMISSION MEETING IN TEHRAN IN SEPTEMBER, IRANIAN FINANCE MINISTER ANSARY TOLD TO COMMERCE UNDER SECRETARY BAKER THAT IRAN WOULD REGARD CONTINUED US OPPOSITION TO SUCH ARRANGEMENT AS AN UNFRIENDLY ACT. IN

IN LATER CONVERSATION WITH IRANIAN DIRECTOR OF TRADE, STATE DEPUTY ASSISTANT SECRETARY BILLER GAVE FULL PRESENTATION OF US VIEWS. BILLER REAFFIRMED US SUPPORT FOR IMPROVED EC-IRANIAN RELATIONS, BUT EMPHASIZED US COMMITMENT TO MARKET ACCESS ON MFN BASIS AND REASONS FOR DIFFERENCE IN US ATTITUDE TOWARD IRAN VS. OTHER MEDITERRANEAN NATIONS (CASEY/SOAMES FIVE POINTS). THERE APPEARED TO BE SOME MISUNDERSTANDING OF HISTORICAL/ LEGAL BASIS FOR US POSITION AMONG IRANIAN OFFICIALS. FACT THAT US HAS HAD CONTINUING EXCHANGE OF VIEWS ON ISSUE WITH RANKING IRANIAN OFFICIALS SHOULD BE HIGHLIGHTED DURING DEMARCHES TO DEMONSTRATE TO EUROPEANS THAT US IS NOT LEAVING ENTIRE BURDEN OF DISSUADING IRANIANS TO EC.

3. REQUEST EMBASSIES APPROACH HOST GOVERNMENT AT APPROPRIATELY HIGH LEVEL TO REPEAT STRONG US OPPOSITION LIMITED OFFICIAL USE

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TO ANY EC PREFERENTIAL ARRANGEMENT WITH IRAN. YOU SHOULD ONCE AGAIN NOTE THAT EXTENSION OF MEDITERRANEAN-TYPE PREFERENCES TO IRAN WOULD BE CLEARLY INCONSISTENT WITH THE EXPLICIT ASSURANCES BY EC COMMISSION, REITERATED ON SEVERAL OCCASIONS BY SOAMES AND BY CHEYSSON DURING JULY 29-31, 1974 MEETING IN WASHINGTON ON RELATIONS WITH LDCS. REQUEST YOU ADVISE HOST GOVERNMENTS OF OUR CONCERN THAT A NUMBER OF MEMBER STATES HAVE IN PAST APPARENTLY

FAILED TO TAKE COGNIZANCE OF THESE ASSURANCES IN
BILATERAL DISCUSSIONS WITH IRAN. U.S. BELIEVES IT IS
MEETING ITS COMMITMENTS TO THE CASEY-SOAMES AGREEMENT,
PARTICULARLY IN AREA OF GATT HANDLING OF LOME CONVENTION,
AND IS COUNTING ON DEMONSTRATION OF SIMILAR GOODWILL BY
EC.

4. YOU SHOULD ALSO NOTE THAT A PREFERENTIAL TRADE
AGREEMENT BETWEEN AN ALREADY GIANT TRADING BLOC AND
YET ANOTHER MAJOR NATION WOULD FURTHER ERODE THE MFN
TRADING SYSTEM. IT WOULD ALSO BE A CLEAR DEPARTURE FROM
THE MFN TRADE LIBERALIZATION WE ARE SEEKING IN THE MFN.
ANY SIGN THAT THE EC COMMISSION OR MEMBER STATES ARE
WEAKENING OR MAY DECIDE TO GIVE IN TO IRANIAN REQUESTS
COULD BE INTERPRETED AS DEMONSTRATING LACK OF INTEREST
BY EC IN MTN. THIS IN TURN COULD ENCOURAGE
PROTECTIONIST TRENDS BOTH IN THE UNITED STATES AND IN
EUROPE AND MIGHT RESULT IN DIMINISHED U.S. CONGRESSIONAL
SUPPORT FOR TRADE LIBERALIZATION. CONGRESSIONAL
CONCERN OVER EC PREFERENTIAL TRADE AGREEMENTS HAS BEEN
DEMONSTRATED BY THE PROVISIONS OF THE TRADE ACT WHICH
FORBID U.S. GSP TO COUNTRIES GRANTING REVERSE PREFERENCES
TO OTHER DEVELOPED COUNTRIES WHICH HAVE A SIGNIFICANT
ADVERSE EFFECT ON US COMMERCE.

5. POSTS SHOULD STRESS THAT US SUPPORTS IMPROVED EC-IRAN
RELATIONS BUT URGE THAT THIS NOT BE ACCOMPLISHED
THROUGH THE TYPE OF SPECIAL BILATERAL ASSOCIATION OF THE
MEDITERRANEAN OR LOME AGREEMENTS BUT RATHER THROUGH
MFN AND GSP APPROACHES. YOU MAY REPEAT PAST ARGUMENT
THAT WE CAN UNDERSTAND EC'S CONSIDERATION OF USE OF GSP
IMPROVEMENTS AS AN ALTERNATIVE TO SPECIAL PREFERENCES BUT
WE WOULD EXPECT THAT ANY BENEFITS EXTENDED TO IRAN
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UNDER GSP WOULD BE OPEN TO OTHER GSP BENEFICIARIES
AS WELL. KISSINGER

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